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2015 SEP 15 A 11:47

AZ CORP COMMISSION
DOCKET CONTROL

September 11, 2015

RE: Staff Report for Cedar Grove Water, Inc. Application for the Approval of a Rate Increase
Docket No. W-20541A-15-0119

ORIGINAL

To Whom It May Concern,

In response to the Staff Report for the aforementioned application, Cedar Grove Water, Inc. accepts Staff's recommended increase providing that recommendation 8 pertaining to the water shutoff means on the manually filled storage tank is removed.

Prior to the rate increase application, Cedar Grove Water, Inc. researched the possibility of implementing a wireless system to control the filling of the storage tank and received a quote of approximately \$50,000.00. The cost associated with this option is not feasible.

Cedar Grove Water, Inc. understands Staff's recommendation to have water loss at less than 10%. Water loss during the Test Year is attributed to overflow of the manually filled water tank, water acquired by the Vernon Fire Department from an unmetered source, a damaged PVC water line, flushing water lines in accordance with best management practices and water use that may not have been reported during a forest fire. Of all the non-account water loss sources known to the Company, the filling of the storage tank is a minimal contributor due to the awareness of the Operator while performing that complex task. The largest contributor is attributed to the damaged PVC water line; leaks such as these can use a significant amount of water before they are recognized. As stated in the Staff Report, the leak has been repaired.

Considering the amount of water loss associated with filling the storage tank, Cedar Grove Water, Inc. believes the cost of automating the process to not be in the best financial interest of the system or its customers. In lieu of installing the water shutoff means, Cedar Grove Water, Inc. proposes tracking water use in 2016. Cedar Grove Water, Inc. is confident that water loss will fall below 10% and Staff's goal will be achieved without implementing a costly system for a small contributor to non-account water loss. Should water loss be above 10% in 2016, Cedar Grove Water, Inc. will communicate known sources of non-account water loss to ACC Staff and the issue(s) discovered during the year can be addressed at that time.

Thank you for your review and consideration. Have a fantastic day!

Best Regards,


Thomas Grapp

Arizona Corporation Commission

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